

## UI Tax Rate Calculations and Explanations

$$\frac{\text{Benefit Costs}}{\text{Taxable Wages}} \times \text{Reserve Factor} + \text{Social Rate} = \text{Assigned Rate}$$

**Benefit Costs:** Sum of benefits claimed by the claimant that are charged to that specific employer for the previous four fiscal years

**Taxable Wages:** Sum of taxable wages paid by the employer for the previous four fiscal years.  
(i.e. – taxable wage base for 2005 = \$23,200 per employee, for 2006 = \$24,000)

**Reserve Factor:** Multiplier used against employers who have had benefits charged against them when the Trust Fund balance is above the Maximum Adequate Reserve level (19 months reserve) and below the Minimum Adequate Reserve level (17 months reserve). The Reserve Factor is 1.0 when the Trust Fund balance falls between the Maximum and Minimum Adequate Reserve levels. The Reserve Factor is greater than 1.0 when the TF balance is below the Minimum Adequate Reserve and is less than 1.0 when the TF balance is above the Maximum Adequate Reserve.

**Social Rate:** This rate is added to the UI tax rate for all employers and is the minimum tax rate available. Approximately half of all employers have the minimum rate in 2006 (.004). The social rate is calculated using “social costs” for the previous four fiscal years.

### Examples of the most common social costs are:

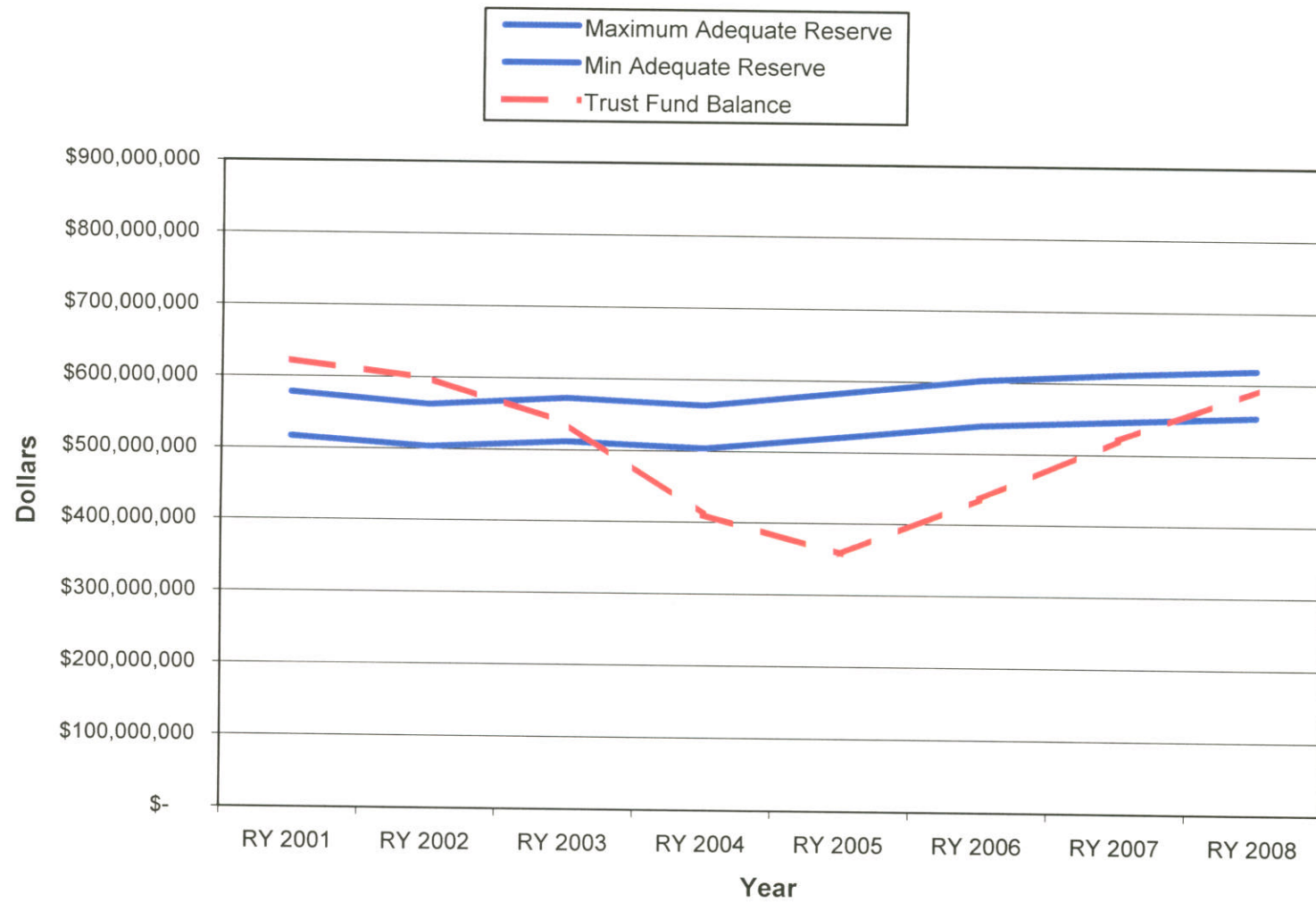
- Benefit Costs from which employers have been granted relief of charges (48%)
- Benefit Costs of employers who have gone out of business with no successor (41%)
- Benefit Costs which exceed the maximum tax rate of 9% plus the social costs (8%)
- Uncollectible Benefit overpayments (3%)

## Trust Fund Reserve Factor and Social Cost Calculation

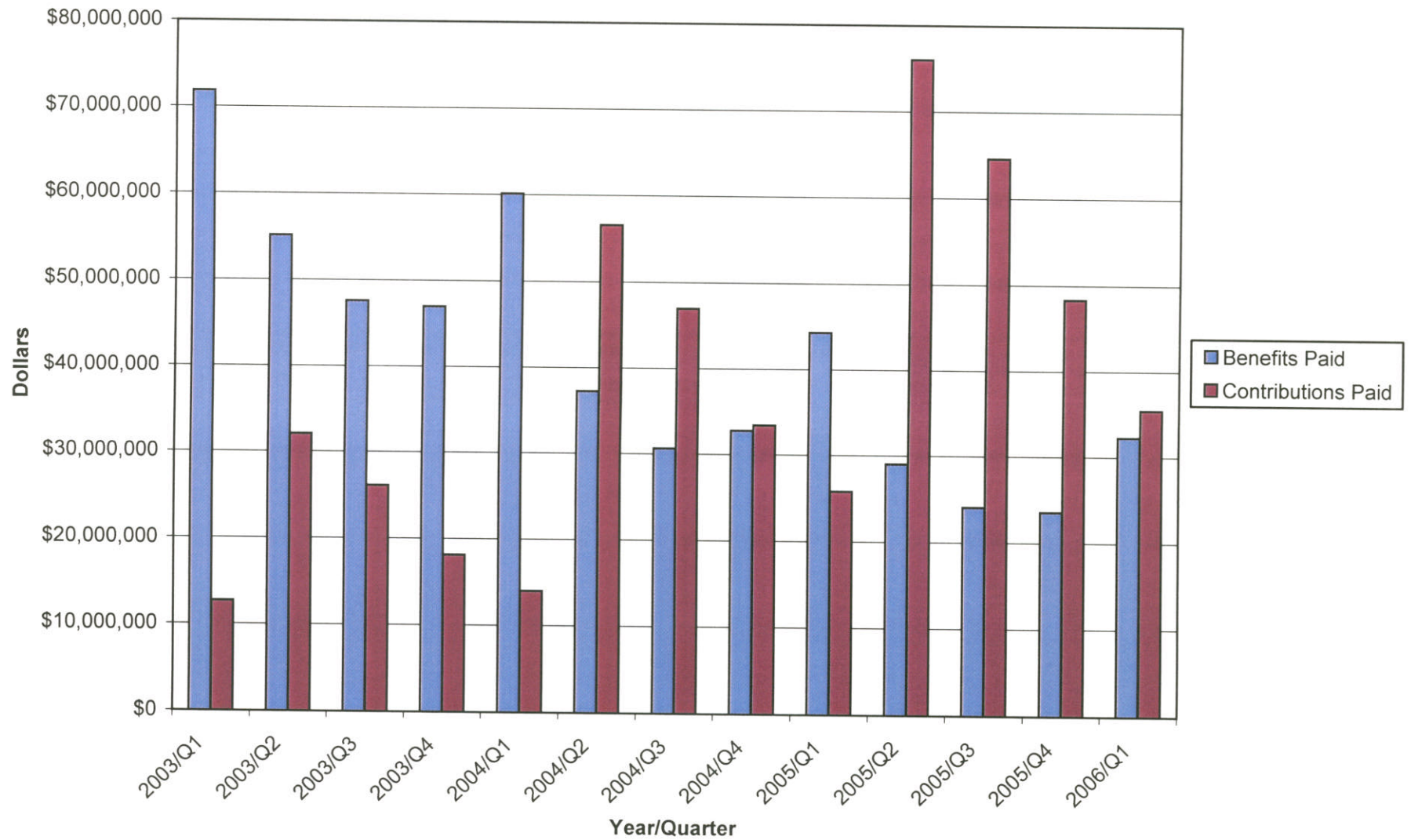
Rates (projected after RY 2006)

TF Balance as of:		Max Adequate	Min Adequate	Rate Year	Reserve Factor	Social Cost
30-Jun-00	\$621,831,305	\$ 577,930,640	\$ 516,599,225	RY 2001	0.90	0.001
30-Jun-01	\$597,903,149	\$ 562,147,580	\$ 503,232,550	RY 2002	0.90	0.001
30-Jun-02	\$536,808,278	\$ 572,404,165	\$ 511,885,663	RY 2003	1.00	0.001
30-Jun-03	\$410,479,072	\$ 563,447,692	\$ 503,876,130	RY 2004	1.20	0.003
30-Jun-04	\$357,430,362	\$ 582,604,914	\$ 521,007,919	RY 2005	1.40	0.004
30-Jun-05	\$435,705,492	\$ 602,413,481	\$ 538,722,188	RY 2006	1.25	0.004
30-Jun-06	\$520,462,105	\$ 611,919,406	\$ 546,062,609	RY 2007	1.05	0.0039505
30-Jun-07	\$591,370,171	\$ 618,538,014	\$ 553,279,417	RY 2008	1.00	0.0036567
30-Jun-08	\$641,255,826	\$ 542,752,921	\$ 484,076,930	RY 2009	0.80	0.0035157
30-Jun-09	\$684,609,042	\$ 497,337,704	\$ 442,416,976	RY 2010	0.80	0.0034999

### UITrust Fund Balance Projections



**Benefits Paid vs Contribution Paid**



## UTAH 2006 UI TAX RATE DISTRIBUTION

	Employers	Percentage	Cumulative %
Utah Employers with minimum rate (.4%)	34,160	56%	56%
Utah Employers with rates between .4% to 1%	5,490	9%	65%
Utah Employers with rates between 1% to 2%	11,590	19%	84%
Utah Employers with rates between 2% to 9%	8,540	14%	98%
Utah Employers with maximum rate (9.4%)	1,220	2%	100%

